

CHILDREN & FAMILIES COMMISSION OF FRESNO COUNTY

**Monthly Meeting
May 1, 2002 - 3:00 p.m.**

**Children & Families Commission Offices
University of California Building
Suite 230
550 E. Shaw
Fresno, CA**

CONSENT AGENDA ITEM NO. 5a

Recommendations:

Approve Commission Minutes – April 3, 2002 Meeting

MINUTES OF THE APRIL 3, 2002 MEETING

Present: Chair Bob Waterston, Vice-Chair Luisa Medina, Secretary/Treasurer Gary Carozza, Commissioners Marion Karian, Kathleen McIntyre, LeeAnn Parry, Oscar Sablan; Executive Director Steve Gordon, Commission Counsel Holley Perez

Absent: Commissioner Gary Zomalt (excused)

Chair Waterston called the meeting to order at 2:50 p.m.; a quorum was established. He recessed the meeting to closed session. The regular meeting was reconvened at 3:15 p.m.

3. Report of Closed Session - Chair Waterston reported there was no report from the closed session.

4. Consent Agenda

- a. Approve Commission Minutes – April 3, 2002
- b. Receive Financial Report for February, 2002

Public Comment: None

Commissioner Medina (McIntyre second) moved to approve the consent agenda as presented. Motion approved unanimously.

5. Project Highlights

Director Gordon, in response to Commissioner Sablan's request at the last meeting, introduced Program Specialist George Petersen who presented representatives from San Joaquin Valley Health Consortium and Central Valley Children's Services Network.

Mary Wallace, Executive Director, and Catherine Martin and Eric Dansby, Project Managers, San Joaquin Valley Health Consortium (SJVHC), reviewed the web-enabled immunization registration program, Childhood Immunization Registry Program (ChIRP), being funded by the Commission. The project will allow access by subscriber health care providers to the immunization records of children within the valley. After some delays in software design and procurement, they expect the system to be fully operational by early summer 2002. Dansby reviewed the software selected, CAIR (California Automated Immunization Registry), and

the progress being made toward testing and release. Martin reviewed the collaboration at local, state and national levels that is taking place to make this project a reality.

Public Comment: Vickie Hoyle, Fresno County EOC, asked about confidentiality of the registry. Martin replied that the system is modeled after others in use in other states and there are many safeguards to protect confidentiality of the system, e.g., providers must subscribe to the Registry through Memorandum of Understanding, and that access is password protected and limited so that even health care providers can not browse the system unlimitedly.

Jane Martin, Executive Director, Central Valley Children's Services Network (CVCSN), reviewed the hurdles CVCSN has faced in establishing a children and family center in Malaga, and highlighted progress made toward this goal. They have expanded the area boundaries to include the Calwa and Orange Center areas, through the local elementary schools, to assess needs and possibly establish children and family centers there also. The goal of the family center is to provide a "one stop" place for area residents to find resources and services available to them and to have the local area residents take over the program at the end of the three year funding period.

Jacqueline Agazarian, Project Director, reviewed first year accomplishments:

- Established and maintained a core group of resident leaders who meet weekly to advise the project managers on the service delivery process, reflect the needs expressed in the community, and work toward bringing the services into the community as a whole.
- Increase in knowledge in budgeting and service delivery process of the resident leaders to work toward sustaining the project after the end of this funding.
- Service delivery began in December 2001, with parent support services, early childhood development services and some health services.
- Developed "family intake" tool to aid in evaluation of the project.

Commissioner Medina asked about how the information from the family intake tool is being compiled. Agazarian responded that the information is being input into an on-line database.

Public Comment: Vickie Hoyle, FCEOC, asked where the Malaga center was located. Agazarian stated the modular unit purchased has just been received and is located on the campus of Malaga Elementary School; it is expected to be fully operational, including staff on site, within the next week.

6. Approve Executive Director's Recommendations for Advisory Committee Members

Director Gordon presented his recommendations for appointment to the Commission's Advisory Committee. He reviewed the process used to solicit applications from interested community members and stated over 50 applications were received. Applications were categorized into one of the nine areas of expertise/interest outlined in the Advisory Committee guidelines, then a geographic and ethnic overlay was done to assure diversity. The recommendation is for appointment of six parents to serve on a rotating basis; this is being done because of the interest shown by the parents applying. Gordon introduced the recommended appointees present, who then introduced themselves, and Gordon reviewed the qualifications of those not able to attend this meeting.

Discussion: Commissioner Carozza asked whether the anticipated costs for the committee have been broken down. Gordon responded that the guidelines state "reasonable and customary" costs for childcare and transportation.

Commissioner Carozza (McIntyre second) moved to approve the Executive Director's recommendations for appointment to the Advisory Committee. Motion approved unanimously.

7. Discuss and Approve Funding for Phase I School Readiness Applications.

Program Operations Coordinator Kendra Rogers reviewed the background on the Phase I School Readiness applications. She reviewed that three schools (Mayfair Elementary and Burroughs Elementary in Fresno Unified School District, and Del Rey Elementary in Sanger Unified School District) submitted applications with Commission approval for Phase I funding under the State Commission's School Readiness Initiative, and all three applications were accepted for funding by the State Commission. School Readiness Coordinator Anne Bouhebert presented the staff recommendation for approval of funding, not to exceed \$557,600, for Phase I School Readiness Initiative applications. The next step is for the Commission to execute a contract with the State Commission for these projects.

The State Commission has set a very tight timeline for program implementation for each school with funding contingent upon startup of programs by June 30, 2002. The State Commission also has not clarified whether the funding of capital projects is allowable with State School Readiness funds; a decision on this aspect of funding should be made within the next month and is the reason the staff recommendation is for an amount "not to exceed" \$557,600, which would be the total amount of Commission funds necessary to match state and school district funds should the State Commission decide that their funds cannot be used for capital expenditures.

Discussion: Commissioner Carozza asked for an explanation on the County match required. Rogers explained that staff is presenting two scenarios for funding, one if the State Commission determines state funds can be used for capital projects (\$228,355 total for 3 years from Commission funds) and one if the State Commission determines state funds cannot be used for capital projects (\$557,600 total for 3 years for the 3 projects from Commission funds). Because of the tight timeline for contracts to be negotiated with the State Commission after May 1 and the schools to get projects underway before June 30, staff recommendation is for approval of the "worst case" scenario, where State Commission funds cannot be used for capital; this is the "not to exceed amount" of \$557,600 requested for approval. The overall total cost of the projects does not change; the source of the funds and match are the only things that change (local Commission funding of capital project or State Commission funding of capital project).

Director Gordon further explained that the county Commissions receive 80% of the funds from Prop. 10 levies, and the State Commission receives 20%. The Children & Families Act states that the state shall institute "initiatives" and the question has been raised whether capital projects can be funded with state funds. Carozza asked whether the state has considered transferring state dollars to county Commissions to administer at the local level to bypass this process or offset local costs in other ways.

Representatives from each of the three schools reviewed their program proposals. Commissioner Karian asked for assurance that opportunities for children with special needs be included in all proposals. Commissioner McIntyre asked how the programs would make sure that the programs would be inclusive of all the diverse cultures involved. All three school representatives outlined their plans for inclusion of children with special needs and their plans for cultural inclusiveness.

Commissioner Parry asked about early identification and intervention programs for screening for learning disorders/disabilities. Project representatives stated that their programs all included provisions for screening for early identification/intervention of potential problems. Commissioner Parry asked for assurance that enough across-the-board

assessments will be done for each child so that those experiencing difficulties can be identified long before they fail in kindergarten/first grade; Parry wants to see that children do not have to fail before they are identified and obtain the help they need. Program representatives responded that through case records, classroom assessment and home visits, they feel their programs have the capacity to identify the needs of these children.

Commissioner Medina asked about the State Commission's plan for evaluation of these projects. Gordon responded that these projects will be incorporated into the local evaluation plan and the state plans to hire a contractor to evaluate the School Readiness programs statewide.

Commissioner Carozza (McIntyre second) moved to approve funding for Phase I School Readiness Initiative Applications, not to exceed \$557,600. Motion approved, 7-0; Lascano abstaining.

8. Policy Discussions and Approvals

a. Discuss and Approve Revisions to Commission Bylaws

Director Gordon presented for approval amendments to the Commission Bylaws concerning/affecting the investment of Commission funds. These amendments must be made before an investment policy can be approved. The proposed amendments are to Article III, Bullets 11 and 12; Article V, 4th paragraph; and Article VI, bullet 4 only.

Commissioner Medina requested clarification that these amendments address the issues raised by Commission Counsel in their advisory letter last month; Counsel Perez responded that they do.

Commissioner Medina (McIntyre second) moved to approve amendments to the Commission Bylaws, to Article III (Bullets 11 and 12); Article V (4th paragraph); and Article VI (Bullet 4). Motion approved unanimously.

b. Discuss and Approve CCFC Investment Policy Statement

Director Gordon stated he is presenting this item in several parts to try to simply the discussion. The basic discussion is for approval of an overall investment policy.

He directed Commissioner's attention to the newest draft version of the policy, stating that the Commission Treasurer, Commission staff, legal counsel and United California Bank (UCB) representatives had reviewed this draft and were in agreement as to its content and scope. Gordon reviewed the newest draft and the changes presented from the draft distributed with the meeting packet. Commissioner Carozza requested that the statement in parentheses under 8.0 [p. 6; "(The Commission's conduct of the competitive selection process in 2001 satisfies this requirement for the first year of this Policy.)"] but have Counsel state that this requirement has been met; Counsel Perez stated that the 2001 process did meet the requirement of the proposed policy. All the additions to Exhibit A of the proposed policy are what was initially deleted by Counsel and reflects state Gov. Code. §53601 regarding permitted investments.

Brian Melikian from the County Counsel's office, who has been working with staff on the Investment Policy Statement, further reviewed the contract agreement proposed by UCB, highlighting areas of concern to Counsel (Attachment 1). He stated the Commission needed to make a policy decision as to whether or not it wanted to follow Counsel recommendation and obtain a third-party custodian for Commission funds. The more conservative view is to keep them totally separate (investment and custody) and utilize a third-party agent as a custodian; however, either option is lawful, it is only a matter of policy.

Commissioner Carozza asked about the relationship of the wholly owned subsidiary, Eureka Investment Advisors, Inc., and UCB, and whether Eureka could act as the custodian with a charge; Danny Clemmensen, Wealth Management Vice President for UCB, clarified that Eureka would be the investment managers and UCB's trust department would be the custodian. Melikian stated that as he understood the bank's proposal, the one entity would have two separate departments, one the investing arm and one the custodial arm that holds the actual funds and securities, and this would not change the bank's fee by doing all in one (approximately \$30,000 annually on \$7 million investment). Clemmensen stated that there would be additional charges if a formal custodial relationship was established with one of UCB's subsidiaries, in this case UCB's trust department is willing to do this for 10 basis points (approximately \$7000 annually on \$7 million investment). Melikian reiterated that the choice on an independent custodian was a policy decision, not a legal issue.

Clemmensen stated he brought the new proposals forward at this time because of Counsel's expressions of concern on the separation of power and duties. He stated UCB and the investment subsidiary have over 1400 clients (e.g., State of California, UCLA, City of Irvine) who all utilize the standard agreement, but he was not aware that County Counsel was going to rewrite the entire agreement when they discussed "simplifying" the document. In response to a question from Commissioner Carozza, Clemmensen stated that at one time custodial services were very important, when physical certificates were being issued and a third party to hold those documents was preferred; currently, formal custodial arrangements are not very common because the general practice within banking institutions is to separate the investment power from the trust services. UCB's original proposal was for the investment managers who work for the bank to make the investment decisions and the trust department to provide the recordkeeping, which can be done without a formal agreement. If the Commission wants a formal agreement for custodial services, there will be added fees. Chair Waterston asked whether additional charges would be incurred if a formal custodial agreement was pursued. Melikian responded that if the new option (Eureka Investment Advisors) proposed by UCB was pursued, the Commission would be looking at an entirely new agreement for staff and Counsel to review for investing and another agreement for the custodial functions. Clemmensen stated that the investment advisor subsidiary is a registered investment advisor, registered with the Securities and Exchange Commission (SEC) and the content of their agreement is at the direction of the SEC; if the Commission wishes to customize the agreement, the bank suggests it be done as an attached "Schedule" rather than rewriting the entire contract.

Waterston asked why Fresno County Counsel feels it necessary to rewrite an agreement utilized widely by other public entities; Melikian stated counsel's primary concern is in the best interest of protecting the Commission and feels that they need to explain issues of liability to the Commission and bring policy issues to the Commission's attention so that the Commission and its members are protected from unnecessary liability and can make informed decisions. Melikian's opinion is that UCB has shifted some risks to the Commission unnecessarily and his job is to field what those risks are. Waterston expressed his concerns over the attorney fees involved in this process, and whether in the future it would be in the Commission's best interest to utilize County Counsel for Commission matters.

Chair Waterston asked about the remainder of the agenda, and suggested that discussion continue on this item and on Item 8(c) and the remainder of the agenda be tabled to the next meeting. By consensus, the Commission agreed.

Clemmensen stated that UCB's preference regarding changes to the contract would be to have any changes the Commission desires be attached as a separate schedule rather than re-writing the entire contract.

Chair Waterston directed the Commission's attention to Recommended Action (D) under Agenda Item 8b, and asked for Commission direction. He stated that he felt Commission staff, Commission Treasurer, county counsel and bank representatives should work together to negotiate a contract agreeable to all parties and bring that back to the Commission for approval.

Commissioner Medina stated her agreement with Commissioner Carozza regarding indemnification to protect the Commission and its Commissioners and staff. She asked for Commission Counsel guidance on the outstanding issues. Melikian responded that the policy issue regarding third-party custodian and the mutual indemnity issue are the main points of contention from the County's side. Waterston again asked whether it would be in the best interest of the Commission for staff, legal counsel, Commission treasurer and bank representatives to iron out the differences and bring back a document to the Commission agreeable to all parties.

Perez advised the Commission that the way Agenda Item 8b is presented, the Commission could approve Recommendation Actions (A) [adopt Investment Policy], (B) [delegate authority, for one year, to Commission Treasurer to manage and invest Commission funds and investments, subject to an adopted Investment Policy]; and (C) [delegate authority to Commission Treasurer to negotiate and execute a one year contract with UCB for investment management services which can include either a custodial financial institution or an agreement with the bank under the investment management agreement] at this time.

Director Gordon thanked Mr. Melikian for his work on this project and suggested, if the Commission was willing, to delegate the authority to negotiate a contract to the Commission Treasurer and staff and approve the remainder of the agenda item as presented and then work out the details of the final contract with UCB and distribute a copy of the final agreement to the Commission.

Commissioner Carozza asked for some direction on the policy issue of the third-party custodian from the Commission. Commissioner Lascano expressed that she is hearing that the trend is to move away from formalized custodial arrangements in the banking industry, and she felt comfortable with the Commission following the "industry standard"; by silent consensus, the Commission agreed.

Public Comment: None.

Commissioner Medina (Lascano second) moved to:

- a. Approve the CFCFC Investment Policy Statement as presented in new redline draft (Attachment 2);***
- b. Delegate to Commission Treasurer, for one year, the authority to manage and invest Commission funds and investments, subject to the adopted Investment Policy Statement;***
- c. Authorize the Commission Treasurer to negotiate and executive a one-year investment management agreement with United California Bank for the management and investment of Commissions funds in the Children's Sustainability Fund, subject to approval by the Commission.***

Motion approved unanimously.

c. Discuss Commission Policy on Supplanting

Tabled to May meeting.

d. Discuss Policy on Funding Programs Targeted at Kindergartners

Tabled to May meeting.

e. Discuss Requiring confirmation of no criminal record for child care

Tabled to May meeting.

9. Adopt "Community Values of the Fresno Region"

Tabled to May meeting.

10. Updates / Announcements

Tabled to May meeting.

11. Public Comment

Commissioner Medina asked the Commissioners to note the invitation distributed to the Fresno County Child Abuse Prevention Council's Awards Luncheon on April 10. She applauded the organization for the work they do to prevent child abuse in the community and for recognizing individuals who work in the child abuse prevention arena. She also asked for future discussion with Commission and staff on where the Commission should become involved in terms of community collaboratives. Director Gordon asked whether, as a funding agency, the Commission should be participating in some of these collaboratives where other collaborative members might also be agencies receiving funding and/or whether it is appropriate for the Commission to contribute to fundraising efforts and/or purchase "tables" at events where there might be a perception of a conflict of interest. Commissioner Carozza asked that staff bring back a list of such organizations where the Commission might consider participation or collaboration.

Adjournment:

Commissioner Carozza (McIntyre second) moved to adjourn the meeting at 5:02 p.m.